

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 144599
ORIGIN COME-00

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STR-04 EB-07
TRSE-00 XMB-02 SIG-01 FEA-01 AGRE-00 CEA-01
CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
ITC-01 USIA-06 PRS-01 SP-02 OMB-01 OIC-02 AF-10
ARA-10 NEA-10 /143 R

DRAFTED BY COM/ BIEPR:OTP:IND:RFRANCIS
APPROVED BY STR/ WKELLY
COM:BIEPR:OTP:IND:CJOHNSON
STATE:RWHITE
STR,BWILSON
BOR:BRENISON
TREAS:EBARBER
EXIM:DCHENEY

-----036958 220509Z /14

R 212332Z JUN 77
FM SECSTATE WASHDC
TO USMISSION GENEVA
INFO AMEMBASSY BERN
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY OTTAWA

LIMITED OFFICIAL USE STATE 144599

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 144599

USEEC, USOECD, USMTN

E.O. 11652:N/A

TAGS: ETRD, GATT

SUBJECT: WP ON EXPORT INFLATION INSURANCE (EII)

REF: (A) GENEVA 3868, (B) STATE 129025; (C) STATE 108253

1. FOLLOWING IS USG POSITION REGARDING US GOALS IN NEXT MEETING OF WP DURING WHICH WE EXPECT REPORT ON EII TO BE FINALIZED. MISSION COMMENTS CONTAINED IN REF A WERE CONSIDERED IN FORMULATION OF THIS POSITION AND FURTHER COMMENTS WELCOME. MISSION SHOULD AS APPROPRIATE CONTACT OTHER DELS TO ENLIST SUPPORT FOR U.S. POSITION. INSTRUCTIONS ON QUESTION OF EXCHANGE RATE INSURANCE WERE TRANSMITTED IN REF B.

2. BASIC GOAL IS TO HAVE AS STRONG A CONDEMNATION OF EII SCHEMES AS POSSIBLE INCLUDED IN REPORT. THIS SHOULD ADDRESS SCHEMES' ILLEGALITY AND TRADE DISTORTING EFFECTS AS WELL AS NEED FOR TERMINATION. EACH OF THESE FACTORS WAS REVIEWED IN DETAIL BY WP. OPTIMUM LANGUAGE FROM OUR POINT OF VIEW CONCLUDING THE WP REPORT WOULD BE ALONG THE FOLLOWING LINES:

ALL MEMBERS OF THE WP WHICH DO NOT MAINTAIN ACTIVE EII SCHEMES AGREED THAT THESE PROGRAMS VIOLATE THE PROVISIONS OF ARTICLE XVI:4. THESE MEMBERS EXPRESSED SPECIAL CONCERN OVER DEGREE OF SUBSIDY INVOLVED IN FRENCH SCHEME, AS DEMONSTRATED BY THE SUBSTANTIAL LOSSES OF THE FRENCH PROGRAM AND ITS SIGNIFICANT COST TO THE FRENCH GOVERNMENT. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 144599

IN ADDITION THESE MEMBERS EXPRESSED CONCERN OVER THE DIRECT AND DISTORTIVE EFFECT WHICH THESE SCHEMES HAVE ON INTERNATIONAL TRADE IN PRODUCTS COVERED BY THE SCHEMES AND OVER THE FACT THAT THESE PROGRAMS ENCOURAGE THE ADOPTION OF SIMILARLY DISTORTIVE MEASURES BY OTHER NATIONS.

IN VIEW OF THE ABOVE, THESE MEMBERS CALLED FOR THE TERMINATION OF EXISTING PROGRAMS.

3. WE EXPECT THOSE WP MEMBERS MAINTAINING ACTIVE EII SCHEMES TO PRESS FOR LANGUAGE DISPUTING SOME OF THE ABOVE CONCLUSIONS. IT WOULD BE HELPFUL HOWEVER, TO HAVE THESE MEMBERS INDICATE A WILLINGNESS TO PHASE OUT THEIR SCHEMES AND ACCEPTABLE LANGUAGE WOULD BE: THOSE WP MEMBERS MAINTAINING ACTIVE EII SCHEMES INDICATED A WILLINGNESS TO TERMINATE SCHEMES BUT STATED THAT THEY WOULD REQUIRE REASONABLE TIME TO PHASE THEM OUT.

4. WE AGREE WITH REF A THAT THERE IS POTENTIAL DANGER REGARDING SELF-FINANCING ISSUE. IF THE ISSUE IS PRESSED IN FINAL MEETING U.S. COULD AGREE TO LANGUAGE WHICH AS-

SERTS THAT SOME WP MEMBERS NOTED THE POSSIBILITY THAT AN EII SCHEME COULD BE DESIGNED SO AS TO BE COMPLETELY SELF-FINANCING BUT THAT OTHER MEMBERS FELT THAT THIS WAS NOT LIKELY, SINCE DURING TIMES OF HIGH INFLATION ALL EXPORTERS WOULD SUBMIT CLAIMS AND AT OTHER TIMES THE EXPORTERS WOULD NOT USE THE SCHEMES. OUR GOAL, OF COURSE IS TO AVOID ANY WP ACCEPTANCE OF ASSERTION THAT PURPORTEDLY SELF-FINANCING SCHEMES (U.K. AND FINLAND) ARE LEGAL.

5. WE ALSO AGREE THAT IT IS NECESSARY TO MAKE STATEMENTS AS CONTAINED IN REF C (PARAGRAPH 8 REGARDING RESERVATION OF U.S. RIGHTS).

6. MISSION SHOULD REPORT RESULTS OF CONSULTATIONS WELL IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 144599

ADVANCE OF WP MEETING SO THAT THEY MAY BE TAKEN INTO ACCOUNT IN PREPARATION OF FINAL INSTRUCTIONS. WOULD APPRECIATE EARLIEST INDICATION OF DATES NEXT MEETING WP. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, EXPORT INSURANCE, COMMITTEE MEETINGS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE144599
Document Source: CORE
Document Unique ID: 00
Drafter: OTP:IND:RFRANCIS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770222-0502
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770633/aaaabdiq.tel
Line Count: 139
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ef9ce378-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 GENEVA 3868, 77 STATE 129025, 77 STATE 108253
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2077684
Secure: OPEN
Status: NATIVE
Subject: WP ON EXPORT INFLATION INSURANCE (EII)
TAGS: ETRD, US, GATT
To: GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ef9ce378-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009